GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:1303
ANSWERED ON:26.11.2007
COST OF COTTON PRODUCTS
Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of TEXTILES be pleased to state:

(a) the steps being taken by the Government to reduce the cost of cotton products to make them competitive in the world market; and

(b) the cost of different cotton products like yarn, cloth and garments in comparison to world producers of different countries?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a): The important steps taken by the Government to reduce the cost of cotton products to make them competitive in the world market are furnished in the Annexure.

(b): Government does not maintain this information.

Annexure

Important steps taken by the Government to reduce the cost of cotton products

(i) To improve productivity and quality of cotton for manufacture and export of competitive downstream textiles products, Government launched the Technology Mission on Cotton (TMC). The Mission has achieved success in increasing productivity and reducing contamination through the upgradation of cotton market yards and the modernisation of Ginning & Pressing factories.

(ii) The Technology Upgradation Fund Scheme (TUFS) was launched to facilitate the modernisation and upgradation of the textiles industry in the organised and unorganized sectors. The Scheme was further fine-tuned to attract rapid investments in the targeted sub-sectors of the textiles industry. The cost of machinery was sought to be brought down by reducing the customs duty on imports.

(iii) For the speedy modernisation of the textiles processing sector, Government introduced, w.e.f. 20.04.05, a credit linked capital subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement.

(iv) To provide the textiles industry with world-class infrastructure facilities to set up their textiles units that would meet international environmental and social standards, a Public-Private Partnership (PPP) based Scheme known as the `Scheme for Integrated Textile Park (SITP)` was introduced in August 2005.

(v) In 2004-05 Budget, the entire textiles sector, except for man-made fibre and filament yarn, was provided optional exemption from excise duty.

(vi) To facilitate the import of state of the art machinery to make Indian products internationally competitive in the post quota regime, in the Budget for 2005-06, the customs duty on textiles machinery was brought down to 10%. Only 23 machinery items appear in List 49, which attracts a Basic Customs Duty (BCD) of 15%. The concessional duty of 5% continues on most machinery items.

(vii) In the Budget for 2005-06, 30 knitting and knitwear items were de-reserved. This would facilitate the setting up of large sized modernized units to meet the international competition.

(viii) Government launched the Debt Restructuring Scheme w.e.f. Sept., 2003 with the principal objective of permitting banks to lend to the textiles sector at an 8-9% rate of interest.

(ix) Government has allowed 100% Foreign Direct Investment in the textiles sector under the automatic route.

(x) Government has de-reserved the readymade garments, hosiery and knitwear from the SSI sector so that large scale investment is encouraged in these sectors.